

## What are the administrative costs? Who will be the administrator?

Employees who enroll in the HSA on a pre-tax basis through payroll deduction must enroll in MoneyPlu\$. The MoneyPlu\$ HSA will be administered by Fringe Benefits Management Company (FBMC), and the trustee will be NBSC, an affiliate of Synovus Financial Corp. HSA fees through the trustee are:

- Either \$20 per year or \$2 per month – your choice!
- Only 50 cents to process each HSA check, if you pay by check. There are no transaction fees if you use your free HSA Visa check card.
- Up to two cards free; additional cards are only \$4.
- Only \$4 to replace a lost or stolen card.

Employees, who do not wish to contribute to an HSA on a pre-tax basis, and retirees, who cannot contribute on a pre-tax basis, may send their contributions directly to NBSC/Synovus or to any other HSA provider. These contributions are deductible on an individual's federal income tax return.

## How will the money be invested? What will the interest rate be?

The money will be held in an account that will earn interest at rates tied to a mutual fund index. The interest rate will depend on the account balance and account status.

## How will a subscriber get access to the HSA to pay medical costs?

A subscriber will have access to HSA funds at local NBSC branches, by check or by using a Visa check card that has no transaction fees. Both options will allow him to withdraw HSA funds from the account as qualified expenses are incurred. Since HSA reimbursements are substantiated by each participant, he can use the check card as often as necessary to pay qualified healthcare expenses. Participants should keep the receipts from HSA reimbursements in case the IRS performs an audit and requests copies.

## For more information:

This brochure is not meant to be a comprehensive description of the benefits offered by the Employee Insurance Program. Refer to the 2005 *Insurance Benefits Guide* for more information. If you have a question, please contact your benefits administrator or the EIP at 803-734-0678 in the Greater Columbia area, 888-260-9430 outside Greater Columbia or on the Web at [www.eip.sc.gov](http://www.eip.sc.gov). Also, refer to these Web sites for additional information about HSA features: [www.hsainsider.com](http://www.hsainsider.com); [www.irs.gov](http://www.irs.gov).



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# Take Control of Your Health!

## The State Health Plan Savings Plan

## Are you willing to take greater financial responsibility for your healthcare in return for lower insurance premiums?

If so, you may be interested in the State Health Plan's Savings Plan, which will replace the Economy Plan on January 1, 2005.

A subscriber to any health plan offered through the Employee Insurance Program (EIP) may switch to the new plan in October (Please see "What about restrictions?") **However, retired subscribers who are eligible for Medicare are not eligible for the SHP Savings Plan or the Health Savings Account associated with it. If you are enrolled in the Economy Plan, you must choose another plan. If you fail to do so, you and your covered family members will not be covered as of January 1, 2005.** If you have refused health coverage in the past, you may enroll yourself and your eligible dependents in the Savings Plan only.

This new plan is part of EIP's effort to continue to provide economical health insurance in the face of rising medical costs. Because the Savings Plan has a high deductible, subscribers who have *no other health coverage*, including Medicare, may make tax-free deposits in a Health Savings Account (HSA). The account can be used to pay qualified healthcare expenses. Unlike money in a MoneyPlu\$ Medical Spending Account, the funds do not have to be spent in the year they are deposited. Money in the HSA, including any interest it earns, accumulates tax-free, so the account can be used to pay qualified expenses in the future. You can take the HSA with you if you leave your job.

### What will it cost?

Monthly premiums also are a savings. They will be \$9.28 for the employee, \$72.56 for the employee/spouse, \$20.28 for the employee/children and \$108.56 for full family coverage. The deductible, the amount you must pay out-of-pocket before the plan begins to pay benefits, will be \$3,000 for subscriber-only coverage and \$6,000 for subscriber/spouse, subscriber/children and full family coverage. If

more than one family member is covered, no family member may receive benefits other than preventive care until the \$6,000 deductible has been met.

### What are the benefits?

After the deductible is met, the plan will pay 80 percent of the allowable charges for care given by network providers and 60 percent of the allowable charges for out-of-network providers.

The out-of-pocket maximum (the amount that must be paid in coinsurance before the Savings Plan begins to pay 100 percent of allowable charges) will be \$2,000 for subscriber-only coverage and \$4,000 for subscriber/spouse, subscriber/children and full family coverage. This maximum applies only to services received from network providers. There is no out-of-pocket maximum for services received out-of-network.

For prescription drugs, enrollees will pay 100 percent of the allowable cost at participating pharmacies, and these costs will be applied to the deductible and out-of-pocket maximum. For example, in July 2004, the allowable cost for a 30-day supply of Nexium 20 mg #30, a brand-name acid reducer, was \$127.59.

After the deductible has been met, the enrollee will continue to pay the full allowable cost at participating pharmacies. However, the plan will reimburse him for 80 percent of the allowable cost.

Covered persons will receive an allowance for an annual flu shot that will typically pay the full cost for this service. Enrollees under 12 may receive the Well Child Care benefits that are part of the Standard Plan. Those 12 and over may receive an annual physical that will include specific services. Health information from a nurse will be available 24 hours a day by calling a toll-free number and from a self-care guide.

### What about restrictions?

Chiropractic benefits will be limited to \$500 a year, per covered person, after the deductible is met. Drugs that are not covered include non-sedating

antihistamines and drugs for erectile dysfunction. Like the other plans, the Savings Plan does not cover drugs unless they are purchased at a network pharmacy. Gastric bypass surgery will not be covered.

### What is a Health Savings Account (HSA)?

An HSA is a tax-free account that can be used to pay qualified medical expenses. Contributions do not have to be spent the year they are deposited. Money in the account earns interest and accumulates tax-free, so the funds can be used now and in the future. If an employee leaves his job, he can take the account with him and continue to use it for qualified health care expenses.

To be eligible for an HSA, the subscriber must be covered by a high-deductible health plan, such as the Savings Plan. He cannot be covered by any other health plan, including Medicare. However, accident, disability, dental, vision care and long-term care insurance are permitted.

### How much can I contribute?

In 2004 a subscriber with single coverage could contribute up to \$2,600 a year to an HSA. Those covering more than one family member could contribute up to \$5,150 a year. These limits, established by the federal government, are adjusted for inflation. One-twelfth of this amount may be contributed each month. A subscriber age 55 and older may make "catch-up" contributions to an HSA. In 2005 that subscriber can contribute \$600 above the limit.

### Can an HSA participant contribute to a MoneyPlu\$ Medical Spending Account?

"Limited-use" Medical Spending Accounts (MSAs) will be permitted for active employees. They may be used to pay expenses not covered by the health plan, such as dental and vision care.